

A meeting of the Federal Reserve Board was held in Washington on Tuesday, August 6, 1935, at 11:10 a. m.

PRESENT: Mr. Eccles, Governor  
Mr. Thomas, Vice Governor  
Mr. Hamlin  
Mr. Miller  
Mr. James

Mr. Morrill, Secretary  
Mr. Bethea, Assistant Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Clayton, Assistant to the Governor

ALSO PRESENT: Mr. Paul P. Cret, Architect for the Board's new building  
Mr. William H. Livingston, Partner of Mr. Cret.

Mr. Miller presented a set of preliminary drawings showing the various floors in the Board's new building, which had been received from the architect on August 2 and there followed an informal discussion of the drawings. It was pointed out that the drawing of the Board room floor provided for free-standing pillars on the north and south sides of the Board room and, after a discussion, it was agreed by the members of the Board present that the interior of the Board room should be one of dignified simplicity rather than the elaborate one suggested by the drawing. In this connection, Mr. Livingston stated that the plan of the Board room shown on the drawing was only one of a number of studies which had been made and that the details of the interior of the room would be given further study and submitted to the Board for consideration.

The architects presented drawings showing the north, south and east elevations of the new building and various aspects of the exterior design were discussed. In this connection, it was stated by the

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architects that they were considering the use of stone instead of metal in the exterior walls in the spaces above the windows of the second floor and below the windows of the third floor.

In connection with a drawing submitted by the architects showing a suggested landscaping development around the new building, Mr. Miller presented a letter dated August 5, 1935, from the Chairman of The Commission of Fine Arts stating that the Commission, at its meeting on that date, had approved the drawings submitted by Mr. Cret for the Board's new building and had considered a suggestion made by Mr. Miller of a narrow driveway, without parking space, as an entrance through the garden to the Constitution Avenue front of the building to be used on ceremonial occasions, and stated that the Commission would be pleased to see sketches which Mr. Cret may prepare for such an entrance and the consequent treatment of the garden.

There followed a discussion as to the advisability of making provision for a circular driveway from Constitution Avenue past the southern entrance of the building and it was understood that the architects would study the matter and submit a new study of the landscape gardening in which would be incorporated a driveway along the lines suggested by Mr. Miller.

Upon inquiry by Mr. Miller, Mr. Livingston stated that he did not think a restudy of the landscaping development would result in any delay in the execution of the final drawings for the building proper. He stated, however, that it would be necessary for the architects to

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have data showing the final grades on the site in the very near future and Mr. Morrill stated that he had this matter up with the District of Columbia Highway Department which had promised to have the information available shortly.

Mr. Miller moved that, as provided for in the terms of the contract between the Board and the architect, the Board approve the general design of the new building as shown by the preliminary drawings submitted by the architect, with the understanding that further studies will be made and submitted for the Board's consideration covering the matters referred to in the foregoing discussions and that in accordance with the contract detailed studies and drawings will be submitted for the Board's approval.

Carried.

Reference was then made to the time which will be required for the construction of the building after the letting of the contract and Mr. Livingston expressed the opinion that there should be allowed approximately eighteen months for the construction. In this connection, reference was made to the vacation by the Federal Trade Commission of the temporary building now standing on the building site and Mr. Morrill stated that he had been advised that the Secretary of War would object to the proposed allowance of space in the Munitions Building to house the Federal Trade Commission, although a formal request for such space had been made by the Secretary of the Interior.

There was a discussion as to ways and means by which the vacation of the building could be expedited and Mr. Miller suggested that the Board continue to maintain its position that the building is to be

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vacated by September 1, it being the thought that this position on the part of the Board would necessitate the reaching of some decision in the matter by the Secretaries of the Interior and War and that if some final solution of the matter could be reached by them within some short period after September 1 which would not prevent the vacation of the building in time for the completion of its demolition so as not to delay breaking ground for the erection of the new building, the Board might make some concession.

The other members of the Board present indicated agreement with Mr. Miller's suggestion and it was agreed that steps should be taken for the demolition of the old building in accordance with the procedure approved by the Board on July 24, 1935.

Mr. Livingston stated that, in accordance with the terms of the contract between the Board and the architect, estimates of cost of the erection of the new building had been made; that, while the original estimates of cost arrived at by the Board were on the basis of \$.72 $\frac{1}{2}$  per cubic foot, it was felt that, because of material increases in building costs which have taken place during the last year in Washington, the cost to the Board of the new building may run as high as \$.85 per cubic foot, making the total cost of the building approximately \$2,800,000; that there is a possibility that the final cost will amount to approximately \$3,000,000; and that while certain savings could be effected, such savings would not amount to more than \$200,000. He added that the cost of paving, landscaping, etc., of the grounds surrounding the building

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would amount to approximately \$200,000, and the cost of air conditioning to approximately \$250,000. Mr. Livingston also submitted a written statement setting forth the bases for the estimates of cost arrived at by the architects.

The other members of the Board present indicated agreement with Mr. Miller's suggestion that, at this stage, the architect should not consider ways of reducing the cost of the building but should prepare his plans with the thought of producing the most satisfactory building possible.

Mr. Livingston stated that the architects expected to submit their final drawings shortly after the first of December, and on this basis Mr. Miller indicated that he thought it would be possible for the Board to let the contract covering the construction of the new building during January.

In this connection, Mr. James stated that the evidence of mounting building costs is another reason for insistence by the Board on the prompt vacation of the temporary building now standing on the building site in order that there may be no delay in letting the contract for the construction of the new building.

Reference was then made to a memorandum dated July 24, 1935, from Mr. Smead, Chief of the Division of Bank Operations, copies of which had been furnished to the appointive members of the Board, in which he referred to a letter dated July 12, 1935, from the Chairman of the Federal Reserve Bank of Chicago, in connection with the request made by

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the Treasury Department that old series gold certificates held by the Federal reserve banks be sent in to the Treasury for cancelation and redemption. The memorandum noted that, on the basis of counsel's opinion, the executive committee of the Federal Reserve Bank of Chicago felt it was proper to acquiesce in the request of the Treasury Department as to gold certificates which were received at the Federal reserve banks subsequent to April 5, 1933, but that the reserve bank should not acquiesce in the Treasury's request for surrender of certificates held by the bank prior to April 5, 1933. The memorandum indicated that all of the Federal Reserve Banks except New York, Philadelphia, Cleveland and Chicago had complied with the request of the Treasury Department and that on July 18, 1935, these four banks held \$654,993,000 of gold certificates of the old series, all but \$74,367,000 of which were held by the Federal reserve agents. The memorandum also stated that it was understood that Governor Harrison of the Federal Reserve Bank of New York, who was in Washington on July 24, would discuss with the Governor the question of complying with the Treasury request.

Governor Eccles stated that Governor Harrison had called him on the telephone two or three days ago and had advised that the Federal Reserve Bank of New York, after giving careful consideration to the matter in the light of opinion of counsel, had decided to surrender all of the gold certificates of the old series held at the bank, and that advice had been sent by New York to the Federal Reserve Banks of Philadelphia, Cleveland and Chicago of the decision reached.

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During the ensuing discussion it was pointed out that the Federal reserve agents at three of the four Federal reserve banks referred to had raised a question as to whether the request of the Treasury Department was sufficient authority for the agents to surrender the gold certificates held by them and that action had been deferred by the agents pending receipt of advice from the Board as to the action to be taken.

At the conclusion of the discussion, Mr. Thomas moved that a telegram be prepared to the Federal reserve agent at each of the four Federal reserve banks in question instructing that the old series gold certificates held by him be surrendered to the Federal reserve bank in exchange for other satisfactory collateral.

Carried.

Thereupon the meeting adjourned.

C. E. Thomas  
Secretary.

Approved:

W. C. C. C.  
Governor.